

LINKS2CARE
Financial Statements
Year Ended March 31, 2010

LINKS2CARE
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Year Ended March 31, 2010

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AUDITORS' REPORT

To the Directors of Links2Care

We have audited the statement of financial position of Links2Care as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hawley & Company LLP

Mississauga, Ontario
June 16, 2010

HAWLEY & COMPANY LLP
Chartered Accountants
Licensed Public Accountants

LINKS2CARE
Statement of Financial Position
March 31, 2010

| | 2010 | 2009 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash (Note 5) | \$ 919,907 | \$ 1,130,227 |
| Accounts and contributions receivable | 132,109 | 202,088 |
| Prepaid expenses | 14,274 | 23,952 |
| | <u>1,066,290</u> | 1,356,267 |
| PROPERTY AND EQUIPMENT (Note 3) | <u>40,404</u> | 65,292 |
| | <u>\$ 1,106,694</u> | <u>\$ 1,421,559</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 387,877 | \$ 247,048 |
| Surplus funding payable (Note 4) | 283,879 | 666,037 |
| Deferred contributions (Note 5) | 43,653 | 39,254 |
| | <u>715,409</u> | 952,339 |
| LEASE COMMITMENTS (Note 6) | | |
| NET ASSETS | | |
| General fund (Note 7) | 163,189 | 469,220 |
| Lottery fund (Note 7) | 29,009 | - |
| Internally restricted development fund (Note 7) | 199,087 | - |
| | <u>391,285</u> | 469,220 |
| | <u>\$ 1,106,694</u> | <u>\$ 1,421,559</u> |

ON BEHALF OF THE BOARD

Jeannie Collins-Ardern Director

Maureen McCallister Director

LINKS2CARE**Statement of Changes in Net Assets****Year Ended March 31, 2010**

| | General Fund | Lottery Fund | Internally Restricted Development Fund | 2010 | 2009 |
|---|-----------------|-----------------|---|------------|------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 469,220 | \$ - | \$ - | \$ 469,220 | \$ 504,998 |
| Interfund transfers | (314,009) | 29,009 | 285,000 | - | - |
| Net surplus (deficit) for the year (Note 7) | 7,978 | - | - | 7,978 | (35,778) |
| Development fund draw down (Note 7) | - | - | (85,913) | (85,913) | - |
| NET ASSETS - END OF YEAR | \$ 163,189 | \$ 29,009 | \$ 199,087 | \$ 391,285 | \$ 469,220 |

LINKS2CARE**Statement of Operations****Year Ended March 31, 2010**

| | 2010 | 2009 |
|--|------------------|--------------------|
| REVENUE | | |
| Provincial - Local Health Integrated Network (<i>Note 4</i>) | \$ 1,897,153 | \$ 1,525,723 |
| Provincial - Ministry of Health (<i>Notes 3, 4</i>) | 843,039 | 487,680 |
| Provincial - Ministry of Children and Youth Services | 181,500 | 180,500 |
| Provincial - Ministry of Training, Colleges and Universities | 225,423 | 237,467 |
| Regional - Children's programs | 259,034 | 280,042 |
| Regional - Homelessness programs | 40,442 | 36,026 |
| Regional - Community Investment Fund | 20,000 | - |
| Municipal Government | 33,900 | 37,000 |
| United Way | 66,783 | 66,125 |
| Ontario Trillium | 43,750 | 75,000 |
| Other grants (<i>Note 3</i>) | 22,891 | 7,500 |
| Donations (<i>Note 8</i>) | 40,249 | 28,975 |
| Fundraising (net) (<i>Note 9</i>) | 6,656 | 15,894 |
| Service fees and other | 743,600 | 764,130 |
| Rent | 22,300 | 23,410 |
| Interest | 9,190 | 19,092 |
| | 4,455,910 | 3,784,564 |
| OPERATING EXPENSES | | |
| Employee wages and benefits | 2,892,300 | 2,577,769 |
| Program (<i>Notes 4, 5</i>) | 967,212 | 588,756 |
| Building occupancy (<i>Note 6</i>) | 249,901 | 248,152 |
| Office | 149,367 | 116,804 |
| Professional fees | 65,335 | 74,197 |
| Travel | 61,426 | 102,549 |
| Contracted services | 38,456 | 20,711 |
| Equipment & software | 35,513 | 30,720 |
| Other operating expenses | 25,866 | 11,911 |
| Staff training | 15,583 | 11,425 |
| Board and volunteer training | 2,651 | 2,527 |
| Bad debts | 5,347 | 2,515 |
| Amortization (<i>Note 3</i>) | 24,888 | 32,306 |
| | 4,533,845 | 3,820,342 |
| SURPLUS (DEFICIT) BEFORE DEVELOPMENT FUND DRAW DOWN | (77,935) | (35,778) |
| DEVELOPMENT FUND DRAW DOWN (<i>Note 7</i>) | 85,913 | - |
| NET SURPLUS (DEFICIT) FOR THE YEAR | \$ 7,978 | \$ (35,778) |

LINKS2CARE
Statement of Cash Flows
Year Ended March 31, 2010

| | 2010 | 2009 |
|--|-------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Net surplus (deficit) for the year | \$ 7,978 | \$ (35,778) |
| Items not affecting cash: | | |
| Amortization (Note 3) | 24,888 | 32,306 |
| Development reserve draw down (Note 7) | (85,913) | - |
| Gain on disposal of assets (Note 3) | - | (1,771) |
| Deferred capital grant recognized on disposal of asset | - | 40,900 |
| | <u>(53,047)</u> | 35,657 |
| Changes in non-cash working capital: | | |
| Accounts and contributions receivable | 69,979 | 132,786 |
| Accounts payable and accrued liabilities | 140,829 | (53,623) |
| Deferred contributions (Note 5) | 4,399 | (65,935) |
| Prepaid expenses | 9,678 | (9,277) |
| Surplus funding payable (Note 4) | (382,158) | 284,849 |
| | <u>(157,273)</u> | 288,800 |
| Cash flow from (used by) operating activities | <u>(210,320)</u> | 324,457 |
| INVESTING ACTIVITY | | |
| Purchase of equipment | - | (25,354) |
| INCREASE (DECREASE) IN CASH FLOW | (210,320) | 299,103 |
| CASH - BEGINNING OF YEAR | 1,130,227 | 831,124 |
| CASH - END OF YEAR | \$ 919,907 | \$ 1,130,227 |

LINKS2CARE

Notes to Financial Statements

Year Ended March 31, 2010

1. PURPOSE OF THE ORGANIZATION

Links2Care is a non-profit organization serving Halton Region and Mississauga areas, with the objective of being a multi-service organization supporting people of all ages in the development of a caring and responsive community. Links2Care is incorporated under the Ontario Business Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and method:

| | | |
|------------------------|---------------|----------------------|
| Vehicle | 5 years | straight-line method |
| Computer equipment | 3 to 5 years | straight-line method |
| Furniture and fixtures | 5 years | straight-line method |
| Leasehold improvements | 5 to 10 years | straight-line method |

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Under this method, unrestricted contributions are recorded as revenue when received or receivable, as they do not require the performance of an activity. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. If restricted contributions relate to expenses of future periods, they would be deferred and recorded as revenue in the period the expenses are incurred.

Capital grants, where significant, are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Government grants for non-specific uses are taken into revenue over the period to which they apply. Government grants pertaining to specific projects are recognized as revenue as related project expenses are incurred.

Other sources of income are recorded using the accrual method.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

Volunteers assist the organization in carrying out its activities. Because of the difficulty of determining the fair value of these activities, contributed services are not recognized in the financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Capital management

Capital is comprised of the organization's net assets. There are no externally imposed capital restrictions. As at March 31, 2010, the organization's net assets were \$391,285. The organization's objective when managing capital is to continue as a going concern so that it can continue to support people of all ages in the development of a caring and responsive community.

Changes in accounting policies

Effective the year commencing on April 1, 2008, the organization implemented the new Canadian Institute of Chartered Accountants (CICA) accounting Section 1535, "Capital Disclosures". Section 1535 specifies the disclosure must be made regarding whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. The organization has included the required disclosure in note 2 to the financial statements.

On April 1, 2009, the organization adopted the amendments to the CICA Handbook, Section 1540, Cash flow statement, Section 1751, Interim financial statements, Section 1000, Financial statement concepts, Section 4400, Financial statement information presentation by not-for profit organizations, and Section 4470, Disclosure of allocated expenses. The adoption of these amended standards has not materially affected how the organization accounts for its transactions.

LINKS2CARE**Notes to Financial Statements****Year Ended March 31, 2010****3. PROPERTY AND EQUIPMENT**

| | Cost | Accumulated amortization | 2010 Net book value | 2009 Net book value |
|------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Vehicle | \$ 25,354 | \$ 7,159 | \$ 18,195 | \$ 23,265 |
| Computer equipment | 131,255 | 121,926 | 9,329 | 17,595 |
| Furniture and fixtures | 145,322 | 138,438 | 6,884 | 12,958 |
| Leasehold improvements | 70,852 | 64,856 | 5,996 | 11,474 |
| | \$ 372,783 | \$ 332,379 | \$ 40,404 | \$ 65,292 |

A contribution of \$25,354 was received for a vehicle purchased during fiscal 2009. The contribution is recognized as revenue on the same basis as the amortization expense related to the vehicle and is included in the other grants amount (2010 - \$5,070, 2009 - \$2,089).

A contribution of \$89,682 was received for a vehicle purchased during fiscal 2006. The contribution was recognized as revenue on the same basis as the amortization expense related to the vehicle and was included in the Provincial - Ministry of Health amount (2010 - \$NIL, 2009 - \$4,484). The vehicle was disposed of during the 2009 fiscal year resulting in a gain on disposal which was included in the Provincial - Ministry of Health revenue amount (\$1,771).

4. SURPLUS FUNDING PAYABLE

Surplus funding payable represents the amount of excess funding received over annual expenses that is repayable to the Ontario Ministry of Health and Long Term Care. At year end, \$283,879 (2009 - \$666,037) is required to be returned.

| | 2010 | 2009 |
|--|-------------------|-------------------|
| Ministry of Health PSW Training Fund | \$ 184,292 | \$ 617,308 |
| Local Health Integration Network - Support Services and Supportive Housing | 48,729 | 48,729 |
| Local Health Integration Network - Community Services Programs | 50,858 | - |
| Total surplus funding payable | \$ 283,879 | \$ 666,037 |

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent the amount of restricted contributions that are related to expenses of future periods. When the expenses are incurred the matching contributions will be recognized as revenue. At year end, \$43,653 (2009 - \$36,935) of the cash balance is restricted to be used for specific future programs.

| | 2010 | 2009 |
|-----------------|-----------|-----------|
| Programs | | |
| Misc. Programs | \$ 43,653 | \$ 39,254 |

LINKS2CARE

Notes to Financial Statements

Year Ended March 31, 2010

6. LEASE COMMITMENTS

The organization has multiple long term leases with respect to its premises, as well as long term leases with respect to office equipment. The premises leases contain renewal options and provides for payment of property taxes. Future minimum lease payments as at year end are as follows:

| | |
|------|-------------------|
| 2011 | \$ 144,693 |
| 2012 | 119,796 |
| 2013 | 117,957 |
| 2014 | 28,690 |
| 2015 | 10,684 |
| | <u>\$ 421,820</u> |

7. NET ASSETS OF THE ORGANIZATION

The net assets of the organization represent the excess of accumulated revenues and contributions over the expenses at the balance sheet date. In total these funds provide liquidity and also a reserve from which to draw when unforeseen expenses arise. For greater clarity, the organization has subdivided net assets into three funds: the Lottery Fund, the Development Fund and the General Operating Fund.

The Lottery Fund consists of profits from Nevada lottery ticket sales, which have always been kept in a separate bank account. The Nevada profits must be expended according to the stated goals on the lottery licence application filed with the Alcohol and Gaming Commission of Ontario. Those stated goals are to support or expand community services delivered by the organization.

The purpose of the Development Fund is to provide for the establishment of new programs, the acquisition of capital assets, or such other purposes as the Board decides are in the best interests of the organization. By resolution of the Board, the Development Fund may be increased or decreased in size from the General Operating Fund.

In 2010 the organization suffered a loss of \$85,913 in the child-care programs known as Links2Kids, due to its Main Street child-care centre. This loss was anticipated, and despite efforts during the year to increase revenues to meet expenses, the losses continued to accumulate. Subsequent to year-end, the organization decided to discontinue operations at the child-care centre on Main Street in Georgetown. The Board approved a draw-down of \$85,913 from the Development Fund to cover the losses and the closing costs. The two school-age programs under the Links2Kids umbrella are being continued since the client fees are sufficient to meet the expenses.

The General Operating Fund holds the remainder of net assets, providing liquidity to the organization. These net assets represent program funding, accumulated surplus from client fees and donations, and any other unspecified net assets. By resolution of the Board the General Operating Fund may be increased or decreased in size by the Development Fund.

8. DONATED GOODS AND SERVICES

The organization relies on donated goods and services, including the services of the Board of Directors, to carry out its objectives. Where the amount can be estimated and would be purchased from a third party if not donated it is recorded in the financial statements. If the value of the donated good or service can not be estimated or would not be purchased from a third party in other circumstances then there is no recognition in the financial statements. Management estimates that volunteers provided over 9,900 hours (2009 - 8,600 hours) of service to the organization. These volunteer hours are not recorded in the financial statements.

LINKS2CARE

Notes to Financial Statements

Year Ended March 31, 2010

9. FUNDRAISING

The organization held two charity golf tournaments during the year, and also operates two snack bars at the youth centres in addition to other small fundraising activities. Fundraising gross revenues were \$33,432 (2009 - \$42,762) and expenses were \$26,776 (2009 - \$26,868).

10. FINANCIAL INSTRUMENTS

Fair Value

The organization's carrying value of cash, accounts and contributions receivable, accounts payable and accrued liabilities, surplus funding payable and deferred contributions approximates their fair value, due to the immediate or short term maturity of these instruments.

Unless otherwise noted, it is managements opinion that the organization is not exposed to significant interest rate, currency, credit or commodity risks arising from the financial instruments.

11. AMALGAMATION

The organization amalgamated with Moore Place Day Care on September 22, 2009, and continued operations under the name Links2Care. The current and prior year's figures are combined to reflect the amalgamation.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform with the current year's presentation.